

**TRIAL COURT BUDGETS:
TROUBLE ON THE HORIZON**

The Governor's proposed 2003-04 budget for the trial courts includes \$36 million in unallocated cuts for the current year and \$116 million in unallocated cuts for the 2003-04 fiscal year. An unallocated reduction is one where the targeted agency makes the decision regarding what aspects of its operations are to be impacted. In other words, the cut recipient gets to choose how and where the cuts are to be made.

The Judicial Council's Administrative Office of the Courts (AOC) will be responsible for developing a plan to spread the unallocated cuts over the state's trial courts. Tentative plans call for the AOC to develop a plan for allocating the current-year and 2003-04 reductions among the various trial court programs. Presumably the plan will be released sometime in the spring, after which it will be reviewed by the appropriate Senate and Assembly budget subcommittees.

If implemented to the extent proposed by the Governor, the reductions likely will have a very substantial impact on the trial courts. After all, these reductions come on the heels of some \$150 million in reductions adopted last September when the Governor signed the 2002-03 state budget. Some trial courts are still reeling from the deep cuts imposed on their operations due to the initial 2002-03 budget cuts. The additional unallocated cuts in the current-year, combined with the proposed \$116 million in unallocated cuts in 2003-04, undoubtedly will result in noticeable changes in operations for some courts. One likely scenario: stark differences in operations among the various courts and the possible undermining of delay reduction efforts.

The Senate and Assembly budget subcommittees are poised to act on the current-year reduction proposals within the week.

**UNFAIR COMPETITION LAW
HEARINGS HELD**

California's Unfair Competition Law (UCL) - and its alleged abuse by a handful of California law firms which have been filing suit against thousands of minority-owned businesses based largely upon information posted on the Department of Consumer Affairs web site - dominated much of the Legislature's attention the past week.

Last Friday, January 10, Assm. [Lou Correa](#) (D-Santa Ana) held a Town Hall meeting in his district attended by hundreds of persons claiming to have been victimized by the practice. Also attending were representatives of law enforcement, consumer groups, and organizations promoting a wide range of solutions to the problem (some involving changes to the UCL, others focusing on actions to take against the law firms filing the suits). The meeting was joined at various times by a variety of Southern California Assembly Members, including Democrats [Judy Chu](#), [Carol Liu](#), and [Gloria Negrete-McLeod](#), and Republicans [Robert Pacheco](#), [Todd Spitzer](#), and [Russ Bogn](#). The meeting was covered in the [Sacramento Bee](#) and [Los Angeles Times](#).*

The following Tuesday (January 14), the Assembly and Senate Judiciary Committees held a joint hearing in Sacramento on the same issue. The hearing opened with an introduction by Attorney General [Bill Lockyer](#), who said his office may be filing a \$17200 suit against the alleged "extortionists," and included presentations from various panels representing victimized businesses, consumer advocates explaining the benefits the law has achieved, and advocates for and against change.,

The highlight of the hearing, however, was the appearance of two members of the Trevor Law Group, one of the law firms accused of abusing the UCL, who defended their actions to the committee. The two attorneys were subjected to intense questioning by members of the panel, led by

Senate Judiciary Committee Chair [Martha Escutia](#) (D-Montebello), Assembly Judiciary Committee Chair [Ellen Corbett](#) (D-San Leandro), Senate Judiciary Committee Vice Chair [Bill Morrow](#) (R-Oceanside), new Assembly Judiciary Committee member and former prosecutor [Todd Spitzer](#) (R-Brea).

State Bar Chief Trial Counsel Mike Nisperos appeared at the hearing as a member of the final panel. Nisperos noted that the Bar has opted to waive confidentiality and confirm that it is investigating the activities of the attorneys filing the suits in question, in order to maintain public confidence in the justice system. He also said that the Bar has created the largest task force in its history to investigate the matter, and that the investigation -- which includes more than 4,000 interviews -- should be completed by mid-April.

The hearing received extensive press coverage, including stories in the [Los Angeles Times](#),* [Orange County Register](#), and [San Gabriel Valley Tribune](#), and a column by the Sacramento Bee's [Dan Walters](#).

On Thursday, Attorney General Lockyer's office confirmed in a news report in the [Sacramento Bee](#) that the investigation had been expanded to include five law firms, including two in the Sacramento area. Former Assembly Member Howard Wayne, now a Deputy Attorney General, has been placed in charge of the investigation.

Three bills have been introduced so far in the Legislature to address the issue of abusive suits under the UCL: [AB 69](#) (Correa), [AB 95](#) (Assm. Judiciary Committee), and [AB 102](#) (Pacheco). Several more are expected to be introduced in the coming weeks.

SENATE JUDICIARY COMMITTEE

The Senate earlier this week announced the appointment of members to all committees. Thanks largely to the effect of term limits, the Senate Judiciary Committee is one of the panels that has changed most significantly --

though the return of a former member has reduced the overall impact.

Returning to the panel are Chair [Martha Escutia](#) (D-Montebello), and fellow Democrats [Sheila Kuehl](#) (Santa Monica) and [Byron Sher](#) (Stanford), and Republican [Dick Ackerman](#) (Anaheim). Also returning to the panel is Republican [Bill Morrow](#) (Oceanside), who took a year's hiatus from the Judiciary Committee last year. Morrow will resume his former position as Vice-Chair of the panel, replacing now-Assembly Member [Ray Haynes](#) (R-Riverside). All returning members of the Judiciary Committee are attorneys.

The new members of the Judiciary Committee will be Democrats [Denise Moreno Ducheny](#) (San Diego) and [Gil Cedillo](#) (Los Angeles), who replace the termed-out Jack O'Connell (now Superintendent of Public Education) and Steve Peace (now Governor Davis's Director of Finance). Both are former Assembly Members and, like their predecessors, neither Ducheny nor Cedillo are attorneys -- though Cedillo is a graduate of People's College of Law in Los Angeles.

GRAND JURY INVESTIGATES ORACLE CONTRACT

According to reports in the [Sacramento Bee](#) and [San Francisco Chronicle](#), Attorney General Bill Lockyer has convened a Sacramento County grand jury to hear testimony beginning next Tuesday, January 21, on obstruction of justice charges against Davis administration officials relating to the state's former \$95 software contract with Oracle Corporation. The first scheduled witness will be Senator [Dean Florez](#), who headed the probe into the contract last year as a member of the Assembly and chair of the Joint Legislative Audit Committee.

(* Note: To view linked articles from the Los Angeles Times, you first must [register](#) for free.)